

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska Public Service Commission, on its own motion, seeking to investigate issues related to providing dedicated universal service support for wireless telecommunications services.

Application No. NUSF-48/PI-104

QWEST CORPORATION'S INITIAL COMMENTS

Qwest Corporation ("Qwest") submits its initial comments as directed by the Commission's Order Opening Docket and Seeking Comment (the "*Order*") dated August 9, 2005 (as modified by the August 30, 2005 Hearing Officer Order Extending Comment Deadline) as follows:

There is not enough information in the *Order* to provide a complete picture of what dedicated support for wireless services might look like, but regardless of the specifics of any such proposal, Qwest has significant concerns. This Commission began the process of determining how to best distribute the limited Nebraska Universal Service Fund ("NUSF") resources in 1998, and just completed the process for determining how that support should be distributed to eligible telecommunications carriers ("ETCs") in November 2004. The legal and factual issues to be examined in considering a dedicated wireless fund are at least as complex, made more so by the fact that any NUSF monies directed to a dedicated wireless fund will necessarily reduce the available support for traditional wireline services, and exacerbated by the fact that

the Commission recently decided to reduce the surcharge from 6.95% to 5.75%. Adding a new dedicated wireless fund when the already insufficient wireline fund is being reduced would likely hurt, not help, Nebraskans.

These factors counsel careful, diligent examination of the issues by the Commission. As the Commission investigates this matter, the following questions, among others, must be satisfactorily resolved before any serious consideration can be given to establishing a dedicated wireless fund:

1. ***How would the support of wireless networks impact the wireline fund, in view of the Commission's holding, even before the surcharge was reduced to 5.75%, that the "public interest would be adversely affected if the NUSF were to support more than one network in the remote rural areas where support is being targeted,"¹?***
2. ***Is wireless service a "necessity" Nebraska consumers should support with their surcharge dollars?***
3. ***Currently, wireless carriers who meet ETC qualification criteria can already receive support from the NUSF. Why are these existing rules insufficient to support universal service provided by wireless carriers? Even if the rules are presently insufficient, would simply amending the current ETC rules on a competitively neutral basis be preferable to creating a dedicated wireless fund?***
4. ***Could a dedicated wireless fund be competitively neutral as required by state and federal law?***
5. ***How would costs of providing service to be determined for wireless carriers? Could such costs be determined on a competitively neutral basis compared to wireline carriers?***
6. ***What authority would the Commission have to ensure dedicated wireless funds are expended for their intended purposes in Nebraska, given the current methods wireless carriers use to account for their expenditures and income? If the Commission's authority to control wireless carriers is limited, is it wise to create a fund dedicated to wireless support?***

¹ Findings and Conclusions, NUSF-26, November 3, 2004.

7. *How could the Commission ensure that dedicated wireless support is limited to a reasonable rate of return, as wireline carriers are, given the current methods wireless carriers use to account for their expenditures and income?*
8. *How would the Commission determine the "location" and "households" for wireless users, given the mobility of wireless services?*
9. *What would be the costs of administering two separate NUSF funds?*

Finally, as the Commission considers these questions, Qwest notes that this docket can be a productive forum for investigating these issues, but cannot implement any rules that the Commission feels might be called for as a result of the investigation. Any outcome that would have the result of "implement[ing], interpret[ing], or mak[ing] specific" the statutes that created and govern the NUSF, must take place in a formal rulemaking, as required by Neb. Rev. Stat. § 84-901. Also, if the Commission intends to make any findings of fact in connection with this proceeding, the Commission must also provide requisite notice of the factual issues being explored, allow sworn, cross-examined testimony pertaining to any such factual issues, and provide the opportunity to conduct appropriate discovery.

Dated Friday, September 9, 2005.

Respectfully submitted,

QWEST CORPORATION

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